

103D CONGRESS  
1ST SESSION

# S. 418

To require the administering authority to initiate an investigation under title VII of the Tariff Act of 1930 with respect to Airbus Industrie.

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## IN THE SENATE OF THE UNITED STATES

FEBRUARY 24 (legislative day, JANUARY 5), 1993

Mr. DANFORTH (for himself, Mr. BAUCUS, Mr. BOND, and Mrs. MURRAY) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To require the administering authority to initiate an investigation under title VII of the Tariff Act of 1930 with respect to Airbus Industrie.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Civil Aircraft Trade  
5 Enforcement Act of 1993”.

### 6 **SEC. 2. FINDINGS AND PURPOSE.**

7 (a) FINDINGS.—The Congress makes the following  
8 findings:

1           (1) Airbus Industrie is a multinational consor-  
2           tium of 4 aircraft manufacturers organized to de-  
3           velop, produce, and sell large civil aircraft.

4           (2) Airbus Industrie's shareholders are  
5           Aerospatiale of France, British Aerospace of the  
6           United Kingdom, Deutsche Aerospace of the Federal  
7           Republic of Germany, and Construcciones  
8           Aeronauticas S.A. of Spain.

9           (3) The governments of the countries of the  
10          Airbus Industrie member companies have signed  
11          agreements guaranteeing political and financial sup-  
12          port for Airbus Industrie's aircraft programs.

13          (4) The United States Department of Com-  
14          merce has commissioned an analysis of the various  
15          Airbus Industrie aircraft programs in order to advise  
16          the United States Government regarding the eco-  
17          nomic performance of Airbus Industrie programs, to  
18          document the past levels of government support pro-  
19          vided to the Airbus Industrie member companies by  
20          their respective governments, to assess the financial  
21          viability of Airbus Industrie aircraft programs to de-  
22          termine whether such programs could have been un-  
23          dertaken by a commercial entity, and to examine the  
24          effects of Airbus Industrie on the United States air-

1       craft, aircraft engine, and avionics manufacturing  
2       industries.

3           (5) The Department of Commerce analysis con-  
4       cluded that—

5           (A) the governments of France, the Fed-  
6       eral Republic of Germany, and the United  
7       Kingdom provided \$8,200,000,000 to support  
8       Airbus Industrie member companies through  
9       1989,

10          (B) another \$2,300,000,000 in government  
11       support had been pledged as of 1989 for the  
12       Airbus A330/A340 program,

13          (C) the government of the Federal Repub-  
14       lic of Germany committed \$3,000,000,000 to  
15       Deutsche Aerospace as part of the merger be-  
16       tween Daimler-Benz and MBB, the parent com-  
17       pany of Deutsche Aerospace,

18          (D) the total government funds committed  
19       to Airbus Industrie would be valued at  
20       \$25,900,000,000, if Airbus Industrie were re-  
21       quired to pay commercial rates for the govern-  
22       ment support it received through 1989,

23          (E) the governments of the countries of  
24       the Airbus Industrie member companies have

1 provided almost 75 percent of the development  
2 funds for the various Airbus Industrie aircraft,

3 (F) the financial analysis of Airbus  
4 Industrie indicates that there is little likelihood  
5 that this government support will be repaid in  
6 full,

7 (G) Airbus Industrie programs, taken indi-  
8 vidually or as a group, have not been and will  
9 not become commercially viable in the foresee-  
10 able future; all programs have a negative net  
11 present value when the cash flows are dis-  
12 counted at the average commercial borrowing  
13 rate in Europe,

14 (H) if Airbus Industrie continues to sell its  
15 aircraft at subsidized prices, United States air-  
16 craft manufactures will lose market share even  
17 while being pressured to lower their own prices,

18 (I) as a consequence, both current and ex-  
19 pected profits for United States aircraft manu-  
20 facturers will decline due to continued govern-  
21 ment support for Airbus Industrie programs,

22 (J) reduced profits on current United  
23 States aircraft programs have significant im-  
24 pacts because United States aircraft manufac-  
25 turers have traditionally relied heavily upon in-

1           ternally generated funds to make the necessary  
2           multibillion dollar investments in new aircraft  
3           programs, and

4           (K) lower than expected profits on existing  
5           United States aircraft programs may discour-  
6           age the introduction of new, advanced-tech-  
7           nology United States aircraft at the same time  
8           that Airbus Industrie is introducing advanced  
9           technology models.

10          (6) Airbus Industrie's worldwide market share  
11          of jet aircraft orders has increased from 7 percent  
12          in 1980 to 28 percent in 1992, while the worldwide  
13          market share for United States aircraft manufactur-  
14          ers has declined from 88 percent in 1980 to 63 per-  
15          cent in 1992.

16          (7) Airbus Industrie's market share of United  
17          States jet aircraft orders has increased from zero  
18          percent in 1980 to 44 percent in 1992, while the  
19          United States market share for United States air-  
20          craft has declined from 100 percent in 1980 to 56  
21          percent in 1992.

22          (8) United States imports of Airbus Industrie  
23          large civil aircraft have increased from  
24          \$133,000,000 in 1981 to \$844,000,000 in the first  
25          3 quarters (January-September) of 1992.

1           (9) Employment in the United States civil air-  
2       craft manufacturing industry has declined from ap-  
3       proximately 326,000 positions in 1989, to an esti-  
4       mated 266,000 positions in 1993.

5       (b) PURPOSE.—The purpose of this Act is to initiate  
6       a countervailing duty investigation with respect to large  
7       civil aircraft produced by Airbus Industrie.

8       **SEC. 3. DEFINITIONS.**

9       For purposes of this Act—

10           (1) SECRETARY.—The term “Secretary” means  
11       the Secretary of Commerce.

12           (2) COMMISSION.—The term “Commission”  
13       means the United States International Trade Com-  
14       mission.

15           (3) LARGE CIVIL AIRCRAFT.—The term “large  
16       civil aircraft” means aircraft, other than military  
17       aircraft, described in subheading 8802.40.00 of the  
18       Harmonized Tariff Schedule of the United States.

19           (4) ADMINISTERING AUTHORITY.—The term  
20       “administering authority” has the meaning given  
21       such term by section 771(1) of the Tariff Act of  
22       1930 (19 U.S.C. 1677(1)).

23           (5) INTERESTED PARTY.—The term “interested  
24       party” has the meaning given such term by section

1 771(9) of the Tariff Act of 1930 (19 U.S.C.  
2 1677(9)).

3 SEC. 4. INITIATION OF COUNTERVAILING DUTY INVESTIGA-  
4 TION.

(a) COLLECTION OF INFORMATION.—Not later than 5 days after the date of the enactment of this Act, the Secretary shall begin collecting information regarding—

(1) subsidies provided by France, the Federal Republic of Germany, and the United Kingdom to Airbus Industrie member companies with respect to the manufacture, production, and exportation of large civil aircraft imported or sold for importation into the United States, and

(2) whether the United States large civil aircraft manufacturing industry is materially injured, or is threatened with material injury, by reason of imports of Airbus Industrie large civil aircraft, or by reason of sales (or the likelihood of sales) of Airbus Industrie large civil aircraft for importation.

(b) INITIATION OF INVESTIGATION.—Not later than 45 days after the date of the enactment of this Act, the administering authority shall initiate a countervailing duty investigation pursuant to section 702(a) of the Tariff Act of 1930 (19 U.S.C. 1671a(a)) with respect to imports and

1 sales for import of civil aircraft manufactured by Airbus  
2 Industrie.

3 (c) APPLICATION OF TITLE VII OF THE TARIFF ACT  
4 OF 1930.—Except as otherwise provided in this Act, the  
5 provisions of title VII of the Tariff Act of 1930 (19 U.S.C.  
6 1671 et seq.) shall apply to the countervailing duty inves-  
7 tigation initiated under this section with respect to Airbus  
8 Industrie.

9 (d) TERMINATION OR SUSPENSION OF INVESTIGA-  
10 TION.—

11 (1) TERMINATION.—Subsections (a) and (k) of  
12 section 704 of the Tariff Act of 1930 (19 U.S.C.  
13 1671c) shall not apply to the investigation initiated  
14 pursuant to subsection (b) of this section.

15 (2) SUSPENSION.—The investigation initiated  
16 pursuant to subsection (b) of this section may be  
17 suspended pursuant to subsection (b) or (c) of sec-  
18 tion 704 of such Act, if the requirements of para-  
19 graph (3) are satisfied.

20 (3) SUSPENSION OF INVESTIGATION PROCE-  
21 DURE.—The requirements of this paragraph are sat-  
22 isfied, if, not less than 30 days before suspending  
23 the investigation, the administering authority—

24 (A) notifies the Committee on Finance of  
25 the Senate, the Committee on Ways and Means

1 of the House of Representatives, the Commis-  
2 sion, and other parties to the investigation, of  
3 the administering authority's intention to sus-  
4 pend the investigation,

5 (B) consults with such committees regard-  
6 ing such suspension,

7 (C) provides a copy of the proposed agree-  
8 ment to such committees, together with an ex-  
9 planation of—

10 (i) how the agreement will be carried  
11 out and enforced,

12 (ii) how the agreement meets the re-  
13 quirements of either subsections (b) and  
14 (d) of section 704 of the Tariff Act of  
15 1930, or subsections (c) and (d) of such  
16 section 704, and

17 (iii) any action required of the foreign  
18 governments, and

19 (D) permits all interested parties to submit  
20 comments and information for the record before  
21 the date on which notice of suspension of the  
22 investigation is published.

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